

The complaint

Mr A has complained about the way his motor insurer, esure Insurance Limited, (esure) dealt with a claim he made on his policy and the overall service it provided.

What happened

In July 2022 Mr A made a claim on his policy after his car was damaged by another car whilst it was parked unattended. The car had been a previous total loss and esure decided to offer Mr A a cash in lieu (CIL) payment for him to carry out the necessary repairs. The CIL agreed was for £1,900.

Mr A received a payment for £1,270 and notified esure that there was a shortfall. esure apologised and issued a payment for the shortfall but Mr A said he didn't receive it.

Mr A complained to the Financial Ombudsman Service in October 2022. He said he was still waiting for the outstanding £630. He added that he was in a hire car and was being chased by the hire provider to return the car. He said he had made numerous calls to esure and was getting nowhere, had to hold for long periods of time and was then being hung up on and that this was causing him a lot of stress and anxiety.

esure upheld Mr A's complaint in November 2022 and offered him £200 for the delay in his CIL payment arriving and said a payment was issued on 25 October. Mr A wasn't happy with this resolution. He said he was still waiting for the money and also that he had incurred higher petrol costs as the hire car wasn't as economic as his own car.

In the meantime esure's salvage agent was also contacting Mr A asking to collect his car which, at the time, was in storage. esure said this was an error as the car was not a total loss but ultimately the car was collected and sold on by the salvage agent around February 2023.

Mr A complained to esure again in March 2023. He said his car was sold without his permission and without it being a total loss which meant he now had to buy another car. He added that some of his belongings were also taken as they had been left in the car. These included a luxury watch, some jewellery, sunglasses and photographs of a deceased family member. Mr A added that the hire company wanted the car back and had sent enforcement officers to his property.

He also said that the hire car had been damaged in a hit and run and the hire company was blaming him for the damage. He said, though he was initially told there would be nothing to pay for this, he was now being asked to pay a £999 excess.

esure issued a further final response letter in March 2023 and upheld Mr A's complaint. It said it was unacceptable that his car was treated as a total loss and sold. It valued the car at £5,391.20 (including a 20% deduction for it being a previous total loss). As it had already paid Mr A £1,900 it offered to pay a further £3,491.20 plus a further £500 in compensation. So it sent a £4,000 cheque to Mr A. But it said there were no personal items in the car so offered no compensation in that respect.

Mr A wasn't happy about this. He said cars similar to his were selling for £9,000- £10,000. And he also wanted to be compensated for his personal effects as well as for extra travel expenses incurred after returning the hire car. He also said the delay in his payment being received meant he had the hire car longer than he should have which led to it being damaged.

One of our Investigators reviewed the complaint. She thought in addition to the overall compensation esure offered it should also pay for Mr A's train tickets (£57.50 and £44.39) and £50 for loss of use between 8 to 13 March 2023 when Mr A was without a car. She said based on the evidence available to her there were no personal items in the car so she didn't ask esure to compensate Mr A for this loss.

Mr A didn't agree and asked for an Ombudsman's decision. He said the total loss payment wasn't enough to enable him to buy a new car. And he also wasn't happy esure wasn't compensating him for the loss of his personal effects. Our Investigator asked whether Mr A had reported the loss of his personal effects to the police and he said he had. He said he thought it was more likely that the car was sold without it being checked thoroughly and so the items may have been sold with the car.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided to uphold it but I will be making the same award as that made by our Investigator.

Our Investigator responded separately to Mr A's complaint regarding him having to pay an excess for the repairs to the damage to the hire car. I understand Mr A was happy with her response and so this decision is only about the first part of his complaint i.e. the delay in him receiving his settlement, the sale of his car, the amount of the total loss settlement and the loss of his personal items.

esure has accepted that it made a number of mistakes. It paid Mr A £700 compensation and it also waived the £999 excess for the claim for the damage to Mr A's car. So I need to consider whether, in the circumstances, this is sufficient.

esure's overall service – the delayed CIL

Mr A mentioned to esure by email that there was a shortfall in August 2022, and again in October 2022. Mr A also called on 7 September 2022 and said that £1,900 had been agreed and that he'd only received £1,270. Mr A chased again the following day and esure raised a complaint. On 25 October esure noted that Mr A was still owed £630. Mr A was told on 31 October when he called in that the cheque had been issued to him. Mr A didn't receive the payment and continued to chase in November, December and January. The cheque was finally received when it was sent by special delivery in February 2023.

esure provided a screenshot of the payments it made. I see that the original £1,270 was issued on 22 July 2022. The outstanding £630 wasn't raised until October for the first time. It was cancelled in November and not raised again until January 2023 and finally raised again in February 2023.

It is not clear why Mr A wasn't able to receive the cheques that esure had sent before February 2023 but, on balance, I think esure had sent them. Nevertheless, I note that there was a delay in the £630 being raised for the first time and on subsequent occasions and

I think this was particularly poor of esure. Especially as the hire company was asking Mr A to return the hire car and had sent agents over to his house to collect it.

esure's overall service – the sale of the car

The claim was made on 7 July 2022. On 21 July a note was raised in error saying that the car was a total loss with a value of £1,370. Mr A called on 28 July to say this was an error. The error was noted by esure on the same day.

Despite this, the salvage agent was asking Mr A when it could collect the car and this went on during August and September 2022. At the end of August esure emailed Mr A to tell him that the payment had been made to him and he should release the car. Mr A told esure again that the car was not a total loss.

The salvage agent continued to chase Mr A during October. Mr A was told that his £630 was issued but he was still waiting for it in November 2022. The salvage agent continued to chase and esure told it to collect the car. The salvage agent continued to chase in December, January 2023 and in February 2023, esure told the salvage agent to collect the car from the garage. The salvage agent collected and sold the car at the end of February 2023.

I see here that esure had multiple opportunities over a long period of time to stop the agent from collecting and selling the car. But it failed to do so. In fact it encouraged it to keep trying to collect it and then directed it to take it. I think this was very poor service from esure.

Overall, I think esure had several opportunities to provide a better service to Mr A. I appreciate he says this caused him stress and anxiety and that this went on for a number of months. And in addition to this Mr A had to go through the stress of having his car sold without it being a total loss. I think esure has caused Mr A significant distress and inconvenience but I think that the overall compensation of £700 in addition to it waiving the original £999 excess is fair and reasonable in the circumstances.

Valuation

Mr A was also unhappy about the valuation esure provided for his car.

It's not my role to decide what the value of the car is but to decide whether esure made an offer which was fair and reasonable based on the evidence available to it. Assessing the value of a used vehicle isn't an exact science. We generally find the valuations given in motor trade guides most persuasive as they are based on extensive nationwide research of likely selling prices.

esure used valuations it obtained from three trade guides. These valuations were £7,287 (£5,829.60 with 20% deduction), £5,725 (£4,580) and £6,720 (£5,376). Our Investigator also carried out a further valuation using an additional guide which came at £7,263 (£5,810.40). As noted above, esure deducted 20% from the market value as the car was previously a total loss. Mr A has confirmed he was aware the car was a previous total loss. I think the deduction esure has applied is fair and reasonable and is in line with our approach in similar situations. I therefore think esure's offer of £5,391 is fair and reasonable as it is within the range of the values obtained using the trade guides- even discounting the lowest valuation.

Further issues

Mr A has also questioned why his premium is still payable. As our Investigator explained the premium is a yearly premium and not recoverable if there is a claim on the policy for that year.

Mr A also said he had to spend money on train tickets for when he no longer had the hire car. I think it is fair and reasonable that esure compensates him for those expenses. Our Investigator also felt it was fair for esure to pay Mr A £50 for loss of use of his car for the period he was without a hire car up to when he received the total loss payment. I think this is also fair and reasonable.

Mr A further raised the matter of his personal effects being lost. He said those were in the car and that as he was expecting to get the car back he had no reason to retrieve them before the car was sold without his permission. esure has provided a report which states that there were no items in the car. Mr A said that he thinks the car wasn't inspected properly before it was sold. Without any evidence in support of what Mr A says it's not possible for me to say that esure should compensate him for this. And based on the current evidence, on balance, I'm not persuaded there were any items in the car. Mr A has said that he reported the matter to the police. If he obtains any evidence in the future in support of his claim for the lost items he is free to raise this again with esure.

My final decision

For the reasons above, I am upholding this complaint. esure Insurance Limited must pay Mr A:

- £57.50 and £44.39 for his train travel between 7 and 13 March 2023 plus interest* from the date Mr A paid for the tickets to the date it pays him back.
- £50 compensation for loss of use.

I note that esure Insurance Limited has already paid Mr A £700 compensation and waived his £999 excess in respect of the claim for the damage to his car.

*Interest is at a rate of 8% simple per year and paid on the amounts specified and from/to the dates stated. HM Revenue & Customs may require esure Insurance Limited to take off tax from this interest. If asked, it must give Mr A a certificate showing how much tax it's taken off.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 August 2023.

Anastasia Serdari
Ombudsman